

# Labour & Employment

8.1 Providing “gainful and high quality employment at least to addition to the labour force” is one of the monitorable targets of the Tenth Five-Year Plan. However, in the first three years of the Plan period (2002-2005), the pace of creation of employment opportunities may not exceed the addition to the labour force.

8.2 The Plan had suggested the formulation of a policy on vocational training with a view to achieving a quantum jump in the capacity of vocational training institutes through public-private partnership. Two schemes have been initiated during the Plan period which are designed to encourage participation by industry in the delivery of vocational training services.

8.3 A simplified labour law regime was envisaged in order to promote growth of organised employment. Changes in some of the labour laws are being pursued, but a system that fosters substantial expansion in organised employment is yet to take shape.

8.4 The Tenth Plan advocated a legislative and administrative framework to provide a social security cover for a significant part of unorganised sector workers, and suggested initiatives by state governments in this regard. Madhya Pradesh has enacted a legislation for the welfare of unorganised workers, in which measures to raise resources for the welfare of workers through special levies and taxes have also been included.

## CREATION OF EMPLOYMENT OPPORTUNITIES

8.5 The Tenth Plan envisaged the creation of 50 million employment opportunities over the Plan period, against a total addition to the labour force of 35 million persons. A clear

distinction was made between employment growth that would come about through the normal process of growth (approximately 30 million during Tenth Plan period or 6 million per year, on an average) and additional employment that could be generated if the pattern of growth could be altered by implementing special initiatives in identified labour-intensive sectors (approximately 20 million during Tenth Plan period or 4 million per year on an average). The Plan suggested promoting such activities within a sector which both reflects the availability of natural physical resources of the country (including labour) and also does not affect the overall growth target of the Plan. This was sought to be achieved by ensuring that sectoral growth came from the more labour-intensive sub-sectors and activities.

8.6 Agriculture and allied activities, agro forestry, energy, plantation for bio-mass power generation, small and medium enterprises including village industries, information and communication technology and provision of education, health, family and child welfare services were identified for special attention during the Tenth Plan and specific programmes were suggested to promote growth and employment in these activities.

## PROGRESS DURING TENTH PLAN

8.7 No fresh quinquennial survey-based data has become available since the formulation of the Tenth Plan. The results of the next round of the quinquennial survey of the National Sample Survey Organisation (NSSO) on employment and unemployment, covering the period 2004-05, will only become available in 2006. The assessment of performance on the employment front, therefore, has to be based on indirect indicators, which have a bearing on employment growth.

8.8 The gross domestic product (GDP) growth performance is obviously relevant for employment generation. GDP growth in the first three years of the Tenth Plan has averaged 6.5 per cent per annum, which is below the Plan target of 8 per cent per annum. At the sectoral level, growth in services – especially transport, communications and financial services – in the first three years has been satisfactory. However, in the agriculture sector, which engages more than 55 per cent of the work force, the average growth in the first three years has been only 1.2 per cent per annum, compared to the Plan target of more than 4.2 per cent per annum. Table 8.1 gives the estimates of employment generation based on observed employment elasticities and actual GDP growth. It can be seen that if the parametric relations prevailing during the period 1994-2000 continue to hold, then unemployment levels have not changed significantly in the first three years of Plan, and may even have increased somewhat.

8.9 Pending the availability of estimates on current daily status (CDS) basis, from the quinquennial 61<sup>st</sup> round of National Sample Survey (NSS) on employment and unemployment, being undertaken in 2004-05 – the third year of the Tenth Plan – the above assessment is based on growth in output, and the observed elasticities in the recent past. NSS Annual Rounds do not provide CDS estimates of employment. However, annual estimates of employment are available in NSS Annual

Rounds on Usual Status basis; the latest annual round being the 59<sup>th</sup> Round, covering the January-December 2003 period.

8.10 If employment generation on Usual Status basis is considered, there has been an increase in the rate of growth of employment between 2000 and 2003. However, the magnitude of change in employment should be interpreted with reference to changes in the labour force. Between 1994 and 2000, the labour force increased at 1.08 per cent per annum on Usual Status basis and employment increased at 1.02 per cent per annum, that is, at a pace less than that of the increase in the labour force. In the subsequent period 2000-2003, the labour force increased at 2.85 per cent per annum and employment increased at 2.93 per cent per annum. Thus, the incidence of unemployment appears to have come down in the 2000-2003 period, for which NSSO small sample annual survey provisional data is available.

8.11 Employment in the organised sector, however, has decreased in the last three years (Table 8.2).

8.12 At a more disaggregated level, it can be seen that the process of liberalisation of the economy has thrown up newer opportunities for employment in emerging and dynamic economic activities, and at locations that provide an environment conducive for the growth of such activities. The employment

**Table 8.1**  
**Estimates of labour force, work opportunities and unemployment**  
**in the first three years of the Tenth Plan**  
**(Current Daily Status basis)**

	Unit	2001-02	2002-03	2003-04	2004-05
Labour force	Million	378.21	385.02	391.95	399.00
Employment	Million	344.68	349.89	356.16	362.64
Unemployment rate	%	8.87	9.12	9.13	9.11
No. of unemployed	Million	33.53	35.13	35.79	36.36

Notes:

1. Employment projections are based on observed sectoral output Elasticity of employment (1994-2000) (CDS Measure)
2. Labour force growth was assumed at 1.8 per cent per annum in the Tenth Plan.

Table 8.2  
Estimates of employment in organised sector  
(Lakh persons as on March 31)

Years	Public Sector	Private Sector	Total
2001	191.38	86.52	277.89
2002	187.73	84.32	272.06
2003	185.80	84.21	270.00

Source: Ministry of Labour, DGE&T.

Table 8.3  
Growth in number of workers in the organised sector at locations covered by the  
Employment Market Information (EMI) System - selected locations  
(per cent per annum)

EMI Area	1998-2000			2000-2003		
	Public	Private	Total	Public	Private	Total
Gurgaon	0.40	4.60	2.78	0.26	26.41	16.88
Hyderabad	2.39	5.51	2.98	-3.44	7.77	-1.01
Bangalore	0.80	1.19	0.98	-2.72	3.72	0.46
Bhavnagar	-	-	-	0.08	23.84	5.23
Gandhinagar (*)				-0.67	8.91	4.20

(\*) Annual Growth rates are for the period 2001-2004.

growth in the private sector, at such locations, has been high in the recent years. (Table 8.3)

8.13 The Office of Development Commissioner of Small Scale Industries (SSI) under the Ministry of SSI has recently completed the Third SSI Census (reference year 2001-02). Employment per SSI unit has reduced from 6.29 persons to 4.6 persons between 1988 (the reference year for the previous Census) and 2001-02.

8.14 Certain programmes and policy initiatives taken up in the Tenth Plan will directly contribute to employment generation. For example, during 2004-05, the Project Approval Board of the Sarva Shiksha Abhiyan (SSA) approved the opening of 44,719 schools and appointment of 2,10,431 additional teachers. Similarly, the upgradation of infrastructure at the clusters of small industries will generate work opportunities. Industrial clusters at 19 locations have been given approval for upgradation of infrastructure.

8.15 The second component of employment strategy set out in the Tenth Plan is special programmes in selected labour-intensive sectors to raise the employment content of growth. Not much progress was achieved either in launching new initiatives/programmes or scaling up some of the existing programmes in a major way in the first three years of the Plan. Sector-specific special Plan programmes for employment generation were suggested in the Tenth Plan for, among others, agriculture and allied sectors (increased area under pulses and oilseeds, energy-biomass plantations, bamboo plantation and utilisation mission, agro-forestry, etc.), small and medium enterprises (SMEs) food processing industries and services sectors. The achievements, if any, under this set of initiatives is not expected to be significant. Moreover, assessment of increase in employment, compartmentalised by growth-induced employment and employment additionally generated through special programmes, is not available.

8.16 New initiatives suggested under the category of special programmes for employment generation should be based on the competitive advantage of a sector. Only then can such employment be sustainable. An activity or technology cannot be sustained in the long run only on the basis of its requirement of more labour or more capital per unit of output. On the other hand, if a sector or sub-sector is labour-intensive and also has a large untapped growth potential, all possible efforts should be made to tap that potential. This would not only create employment, but also raise the overall growth performance of the economy. Pursuit of employment and growth objectives are not independent of each other.

8.17 The National Food for Work Programme (NFFWP) was launched on 14 November 2004 in 150 districts identified as most backward. There is not only a high demand for wage employment in these areas but they also need certain minimum infrastructure for supporting livelihoods for the poor. Such a programme would:

- ensure a minimum level of employment and incomes to the poor;
- give the poor an opportunity to develop their collective strength, improve their economic position, and reduce their vulnerability;
- discourage migration;
- provide access to health, education and welfare services in the village itself;
- expedite the construction of environment friendly infrastructure works which enhance productivity levels (both farm and off farm) and provide a basis for further promoting economic activities in the region.

Note: Details on the NFFWP are given in the chapter on Poverty Alleviation and Rural Employment.

8.18 In the first three years of the Plan, the projection of increase in employment opportunities is 6 million per year compared to the average annual increase of 6.9 million in labour force. A new strategy for the growth of

labour-intensive sectors and sub-sectors has to be evolved to attain an annual increase of 10 million in employment opportunities.

8.19 To provide gainful and high quality employment, special efforts for the more vulnerable segments of the labour force have to be made. The incidence of unemployment and under-employment is higher among the lower income groups. It is more severe in the districts where agricultural productivity is low and rural infrastructure is inadequate to attract investment. Employment guarantee is required to provide a certain minimum level of assured income, against work done at such locations. In the existing special employment programmes, the outcomes cannot be measured at the level of the household. A beginning has been made in restructuring of the special employment programmes for the poor, in the form of the NFFWP. A National Rural Employment Guarantee Bill has also been tabled in Parliament in December 2004.

#### LABOUR FORCE SKILLS & TRAINING

8.20 Productivity and income of a new entrant to labour force, and hence the quality of employment, is determined by level of skill possessed. The Tenth Plan noted the large gap between the number of new entrants to the labour force (8-10 million) and the availability of seats in all forms of vocational/professional training institutes (2.0-2.3 million). Reforms in the vocational training system were suggested to attract investments into the sector. To improve the quality of training, the Tenth Plan suggested steps to improve the linkages between training and prospective avenues of employment. Special measures for skill building in the informal sector were suggested.

#### STRENGTHENING THE EXISTING ITIS

8.21 The Tenth Plan called for establishing Institute Management Committees (IMCs), to be presided over by the representatives of industry, in all the 1,883 state government-run Industrial Training Institutes (ITIs). At present IMCs have been set up in 350 state government ITIs. The IMCs were required to have sufficient

autonomy in the administrative and financial management of the institutes.

8.22 The government has approved a Centrally sponsored scheme to upgrade 100 ITIs to Centres of Excellence (CoE) which will be implemented in the public-private partnership mode. Each CoE will have an IMC with autonomy to generate revenue, select trainees, appoint contract-faculty/guest-faculty, develop curriculum, arrange on-the-job training, test and certify the trainees and facilitate their placement in jobs. This scheme requires the state governments to enter into a memorandum of understanding (MoU) with the Central government to commit adequate resources for maintenance of equipment and for raw materials/consumables required for training, and delegate adequate administrative and financial powers to the IMCs.

8.23 The National Council of Vocational Training (NCVT), in the Ministry of Labour, is the central authority for according recognition to vocational training courses. The NCVT approves vocational training institutes, designs courses and conducts examinations for trainees from such institutes before they are given their certificates. Though new occupations, requiring new skills, are emerging at a rapid pace, approval of new trades under the present NCVT system, takes a long time. At 98, the number of NCVT recognised trades is very low. The NCVT system should allow the industry associations to design courses and award certificates to successful trainees. Further, the NCVT course content should include a module on “shop floor training” in industry.

8.24 Once private and government ITIs are recognised, the quality of training imparted in them is not monitored regularly. It is difficult for the government to undertake this task in a professional manner. Agencies for recognising/accrediting vocational training institutes should be established. Such agencies should also assign a grading to the existing ITIs.

8.25 Assistance to state governments for ITIs should be given subject to the condition that they be organised as autonomous bodies in which industry representatives can be formally

inducted on the governing boards, and that the institutions be given sufficient autonomy to become effectively board managed.

#### STRENGTHENING THE APPRENTICESHIP SYSTEM

8.26 Under the Apprenticeship Act, so far, 2.33 lakh seats have been located in public and private sector establishments, of which 1.62 lakh seats are utilised (the number of apprentices getting training). Considering that the number of non-agriculture establishments in the country having 20 or more workers is more than 2 lakh, the number of seats located is very small. State governments should undertake a massive campaign to locate seats in all the medium and large establishments.

#### TRAINING FOR INFORMAL SECTOR

8.27 A majority of the workers in the labour force are in the unorganised sector. The facilities for formal training are miniscule compared to the number of new entrants to the labour force. The Ministry of Labour has introduced a pilot scheme in the Tenth Plan for testing and certification of skills of workers in the informal sector.

#### NATIONAL QUALIFICATION PATHWAY

8.28 The Tenth Plan noted the existence of a social divide between those who opt for vocational training after completing school and those who enter the higher technical/professional/medical education stream. One of the reasons for the limited demand for vocational training is the excessive preference for degree-level professional/technical education after school. This problem could be mitigated if those passing out from ITIs and other vocational training institutions are eligible for entry into polytechnics and +2 level medical and engineering courses, and other graduate-level professional degrees awarded by the universities. Entry criteria and the course curriculum would need to be redesigned for this purpose. This would also help inculcate a culture of shifting between training and work in the formative stages of career of a professional. At present, this practice is confined to post-degree level in



management education (MBA etc.) and specialisation in medicine (MD and super specialisation training).

8.29 To facilitate inter-stream movement of students and vocational trainees, a framework of a National Qualification Pathway to interlink vocational education, vocational training and academic education should be developed jointly by the Ministry of Labour & Employment and the Ministry of Human Resources Development. A framework of the proposed National Qualification Pathway is given in Annexure 8.1.

#### OCCUPATIONAL SAFETY & HEALTH OF WORKERS

8.30 The principal instrument for safeguarding occupational safety and health of workers is the institution of factory inspectors, under the Factories Act. It is not feasible for the administrative set up to deliver services to the 9 million non-agricultural establishments (*Economic Census 1998*). A band of professionals who are proficient in assessing the health and occupational safety at workplace needs to be developed. Such professionals can be given recognition by a board. The Tenth Plan envisaged the setting up of a National Board for Occupational Safety and Health. Establishment of such a Board is being examined.

#### SOCIAL SECURITY AND LABOUR WELFARE

8.31 Of the total workforce of 39.7 crore (Usual Status basis) (NSSO 55<sup>th</sup> Round; 1999-2000), only 2.8 crore (7 per cent) were in the organised sector and the rest 36.9 crore are in the unorganised sector. The sector-wise distribution is given in Table 8.4.

8.32 The Tenth Plan envisaged the preparation of a comprehensive perspective plan to provide social security cover to all workers in agriculture, small establishments and in the informal sector. At present, a number of institutional structures for providing some form of social security to certain categories of the unorganised workers exist. These fall under the insurance industry, welfare funds set up under the Acts of the Central or the state governments, and the welfare schemes of state governments. A common feature is that all these measures are financed from resources outside the Central Plan budget. The salient features of these programmes are given in Annexure 8.2.

8.33 Certain problems in the working of a few of the State Welfare Boards have been noticed. These include barriers to entry of new workers; rent seeking from new/prospective entrants, the practice of proxy workers, high expenditure on administrative overheads and consequently very low expenditure on providing actual benefits to the workers.

Table 8.4  
Distribution of unorganised workers by sectors

Sector	Unorganised workers <sup>(1)</sup> (1999-2000) (Nos. in crore)	Distribution <sup>(1)</sup> (per cent)
Agriculture & Mining	23.7	64
Manufacturing & electricity etc	4.1	11
Construction	1.7	5
Trade	3.7	10
Service(Other than Trade)	3.7	10
<b>Total</b>	<b>36.9</b>	<b>100</b>

Note: (1) Derived indirectly by comparing the data from household surveys for entire labour force, done by NSSO, and the data on workers in establishments collected through 'Employment Market Information System' of Ministry of Labour.

8.34 The Government of Madhya Pradesh has enacted a legislation for the welfare of unorganised workers in the state. Two welfare boards, one for the rural areas and the other for urban areas, will be set up. Resources are to be raised by levying a tax on forest produce, minor minerals, mandi transactions, vehicle registrations, sanctions of building plans, etc. Rules are being framed to give effect to this legislation.

8.35 The Central government is considering a legislation for the welfare of unorganised workers. It should be a model legislation, which the state governments can adopt. It should also include safeguards against the problems observed in working of the State Welfare Boards.

8.36 The Government has also constituted a National Commission for the Enterprises in the Unorganized / Informal Sector to examine the problems being faced, and make recommendations to provide technical, marketing and credit support to such enterprises. This Commission is to take a holistic view of measures to be taken for a viable growth of such enterprises. Such measures should also include the provision of social security for workers in the Unorganised / Informal Sector Enterprises.

8.37 The Life Insurance Corporation (LIC) implements group social security schemes for the workers in unorganised occupations, where the number of beneficiaries is around 5 million. Besides life cover, some other benefits are also provided. Some support comes as income from the corpus of a social security fund to which the Central government contributes from time to time. As compared to the government's welfare administration machinery, the insurance industry is better equipped, professionally, to develop products for sharing risk among the groups of unorganised workers, providing annuity-based incomes for pension, and giving an identity to the beneficiaries.

8.38 The insurance industry should pursue the development of social security schemes for agricultural labour. The need is more acute in the states where the population of landless

agricultural labour is high. The Central government may consider some initial support to the state governments that utilise their own resources such as the state taxes and cess (mandi cess, etc) for providing social security to the unorganised workers. Such support should be routed through the public sector insurance companies so as to develop a measure of professionalism in rendering services to the beneficiaries.

8.39 At present, the Central government provides about Rs. 1,000 crore every year under the National Family Benefit Scheme (NFBS), which includes old age pension for the poor, and some payment on death of the family breadwinner. If the insurance industry can develop suitable schemes for the poor, the benefits under NFBS could be routed through the LIC or any other public-owned insurance company.

8.40 Welfare services to the unorganised workers such as compensation for accident at work, death, and old age pension will be provided in the 'risk cover mode' as distinct from 'direct ex-gratia payments' by the government after the event as happened. The insurance industry may prepare schemes for old age pension and coverage against accident and death for unorganised workers in rural areas. To reward performance, subsidy from the Central government to the insurance industry will be linked with the number of cases finally settled, and not for paying the premia for the insurance policy.

#### LABOUR LAWS

8.41 A simplified regime of labour laws was envisaged in order to promote the growth of organised employment. Changes have been proposed in the Acts relating to Payment of Wages Act, 1936, the Labour Laws (Exemptions from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988 and the Factories Act, 1948.

8.42 The hiring of contract labour in the newly-emerging sectors was to be made more liberal by amending the Contract Labour (Regulation & Abolition) Act, 1970.

### Box 8.1

#### Key Recommendations of the National Commission on Labour

##### Labour Laws

- Provisions of all the laws governing labour relations such as the Industrial Disputes Act, 1947, the Trade Unions Act, 1926, other specific Acts governing industrial relations in particular trades, state level legislations on the subject should be consolidated into a single law called the Labour Management Relations Law or the Law on Labour Management Relations.
- Amendments to Industrial Disputes Act: repeal of Chapter V (B); higher compensation to retrenched workers; and automatic time bound (60 days) permission for closure of units employing 300 or more workers; etc.
- Changes in the Contract Labour Act, 1970: social security and remuneration to contract workers at par with the lowest paid worker in comparable grade skilled, semi- or unskilled; flexibility to adjust the number of workers based on economic efficiency; freedom to hire contract workers for non core activities; etc.
- Enactment of special law for small-scale units. The threshold limit for an establishment to be regarded as small will be 19 workers.
- A policy framework for workers in the unorganised sector that ensures generation and protection of jobs, protection against exploitation of their poverty and lack of organisation, protection against arbitrary dismissals, denial of minimum wages and delay in payment of wages. The system of welfare should include access to compensation for injuries sustained while engaged in work, provident fund, medical care, pensionary benefits, maternity benefits and child care.

##### Social Security

- There is a need to consider social security as fundamental right. State should bear the responsibility to provide a basic level of social security, leaving room for partly or wholly contributory schemes.
- The benefit structure of the Employees State Insurance (ESI) scheme should be unpacked. Immediate steps should be taken to extend the scope of the Act for the purposes of employment injury benefit and maternity benefit throughout the country.
- A law to place all the provident funds under a common regime.
- An integrated insurance scheme providing for gratuity, unemployment benefits, lay off and retrenchment compensation may be evolved, and entrusted to the Employees Provident Fund Organisation (EPFO).

##### Skill Development

- Competency based continuing certification system, applicable to the labour force in both organised and unorganised sectors and establishment of competencies for various occupations for this.
- Setting up of block level vocational training institutions in order to undertake development of rural areas.
- In the industry-institute interactions in ITIs, the role of industry is merely advisory. It should be supplemented with managerial inputs.
- Setting up of a labour market intelligence system for better matching of demand and supply of marketable skills.
- Fiscal incentive to industry and other providers of training.
- Establishment of a Skill Development Fund in order to provide for retraining of workers rendered surplus/retrenchment/ VRS etc. and for training of labour in unorganised sector.



Amendments to the Industrial Disputes Act, 1947, were envisaged to ensure a higher compensation for retrenched workers as well as raising the threshold on number of employees for closure of establishments without state government permission. The Second National Commission on Labour (NCL) submitted its report in June 2002. The principal recommendations relating to labour laws, social security and skill development are given in Box 8.1.

8.43 To evolve a workable consensus, on recommendations of 2<sup>nd</sup> NCL, amongst the employers, the trade unions, and the State Governments, the Union Ministry of Labour has organised consultations in the Indian Labour Conference, and at other fora. However, such consultations have not yielded any significant results so far.

8.44 The lack of employment growth in the organised sector raises the question of whether inflexible labour laws are discouraging employers from expanding employment opportunities and also hampering the growth of the more labour-intensive sectors compared to those that use less labour. The National Common Minimum Programme (NCMP) of the United Progressive Alliance government has expressed its stand on this matter:

“The UPA rejects the idea of automatic hire and fire. It recognises that some changes in labour laws may be required but such changes must fully protect the interests of workers and families and must take place after full consultation with trade unions. The UPA will pursue a dialogue with industry and trade unions on this issue before coming up with specific proposals. However, labour laws other than the Industrial Disputes Act that create an inspector raj will be re-examined and procedures harmonised and streamlined.”

8.45 The issue of labour laws is clearly a sensitive issue and it is, indeed, necessary to address it in a spirit of accommodation and dialogue. A consensus needs to be evolved that will strike a balance between protecting the

interests of labour and the need for providing operational flexibility to companies, which might contribute to a faster growth in organised sector employment. The recommendations of the Second NCL should be deliberated upon in the Indian Labour Conference and a decision taken by the government in the light of the NCMP.

#### EMPLOYMENT INFORMATION SERVICES THROUGH THE EMPLOYMENT EXCHANGES

8.46 At present, the employment exchanges function as offices of the state governments, as is prescribed under the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959. These exchanges also collect data on the number of workers employed in the establishments in their respective areas, which is used by the government for statistics relating to employment in the organised sector. The coverage of the establishments is very poor, and the data fails to capture the changes in employment.

8.47 A role for employment exchanges can be considered for providing employment-related information services for new initiatives like the NFFWP and the proposed employee guarantee scheme, in both of which work on projects in rural areas is to be assured at the level of the household. However, their functions will have to be restructured and they will have to be relocated to the rural areas. Currently, they are located at the District Headquarters in most parts of the country. So far very few states have set up web-based information systems on employment services. E-governance initiatives should be used for generating and maintaining information for providing employment services for the rural areas.

8.48 The delivery of employment related information services by private employment exchanges should be encouraged in the urban areas. The Employment Exchanges Act should be amended to allow private employment exchanges to provide ‘job placement services’ to both private sector and public sector/government establishments and to collect the data on creation of employment opportunities at the level of the establishments.

## THE WAY FORWARD

### CREATION OF EMPLOYMENT OPPORTUNITIES

- The bulk of the employment creation is bound to result from the growth of the economy and the effort to accelerate growth, especially in the labour-intensive sectors, is, therefore, crucial. In addition, the NFFWP and the National Rural Employment Guarantee Act can be expected to generate demand for labour in the rural areas.

### VOCATIONAL TRAINING

- Modify the course contents of the NCVT to include a module on shop floor training.
- The NCVT system should allow the industry associations to design courses and award certificates to successful trainees.
- Establish recognising/accrediting agencies for vocational training institutes. Such agencies should also assign a grading to the existing ITIs.
- Assistance to state governments for ITIs should be subject to the condition that they are organised as autonomous bodies.
- Develop a framework of National Qualification Pathway to interlink vocational education, vocational training and academic education in order to facilitate inter-stream movement of students and vocational trainees.

## EMPLOYMENT INFORMATION SERVICES

- Amend the Employment Exchanges Act to encourage a role for private employment information services in the collection and dissemination of information.
- Relocate employment exchanges to rural areas. The employment information services need to be provided in the e-governance mode to support the new initiatives at providing employment guarantee in the backward districts.

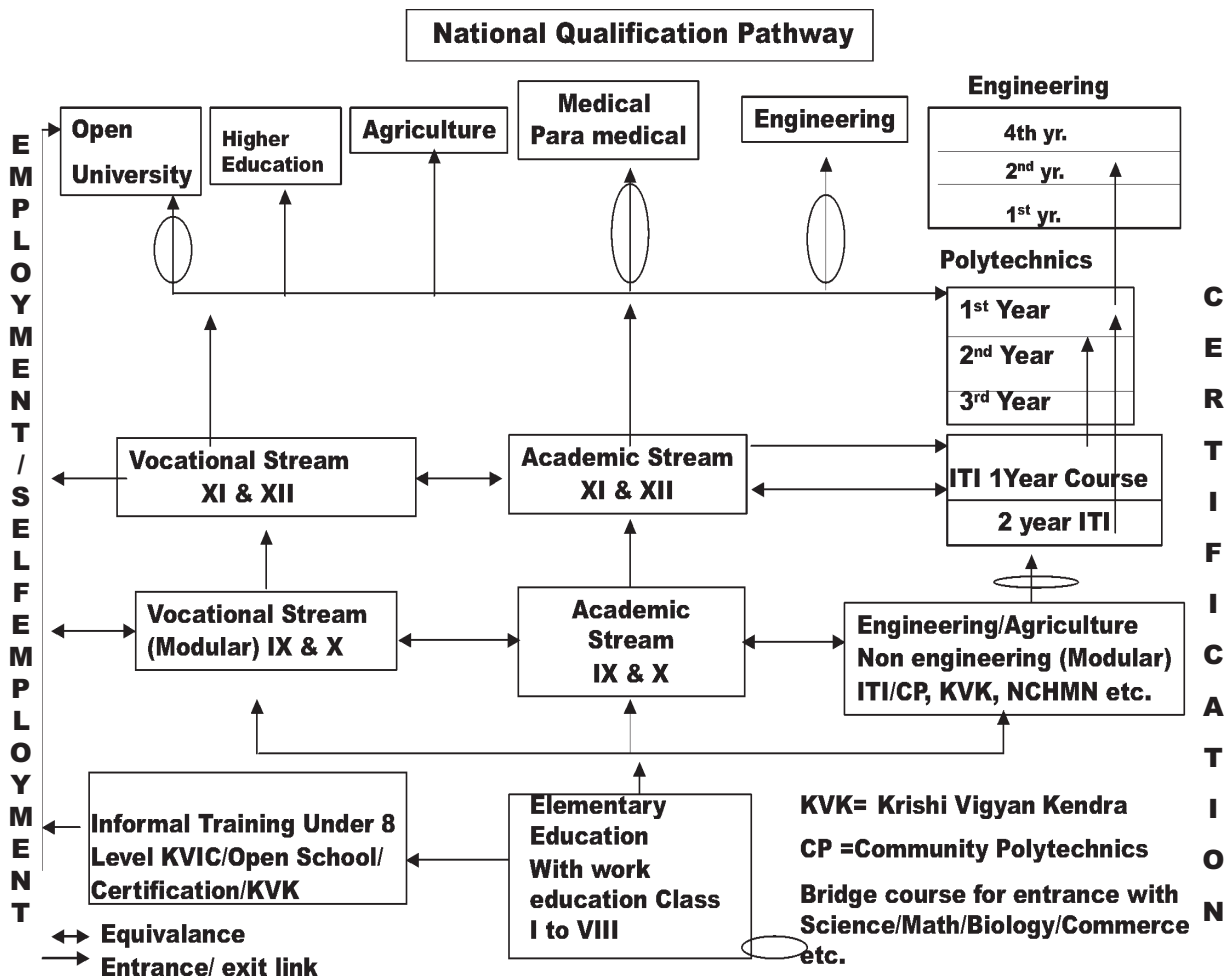
### LABOUR LAWS

- The Indian Labour Conference should deliberate upon the recommendations of the Second National Commission on Labour and a decision taken by the government in the light of the NCMP.

### SOCIAL SECURITY

- State governments should enact legislation for the welfare of unorganised workers, which should clearly identify the resources to be raised, benefits to be given as well as the institutional mechanism.
- The government should provide welfare services to the unorganised workers such as compensation for accident at work, death, and old age pension in the 'risk cover mode' as distinct from the 'direct ex-gratia payments'.

Annexure 8.1



**Existing Measures for Social Security & Welfare of Workers by Insurance Industry,  
Central and state governments, implemented without any support from  
Central Plan Budget.**

### Central Government

1. To provide housing, medical care, educational and recreational facilities to workers employed in the beedi industries, certain non-coal mines and cine workers, five Welfare Funds have been enacted by Parliament. Under the Welfare Funds, welfare schemes like health care, education, housing, recreation, water supply are being implemented. These funds are financed out of the proceeds of cess levied under respective Cess/Fund Acts on manufactured beedis, feature films, export of mica, consumption of limestone & dolomite and consumption and export of iron ore, manganese ore & chrome ore. The annual expenditure under these funds is around Rs. 100 crore covering more than 40 lakh workers and their families.

2. As a welfare measure, a Centrally sponsored Thrift Fund scheme is in operation for the benefit of handloom workers. The member contributes 8 paise per rupee of wage earned and the Central and the State governments contribute 4 paise each to the fund. The benefits include temporary advance, partial and final withdrawals. The scheme is implemented through the Weavers' Cooperative Societies/Corporations, etc. The health package of the scheme intends to ameliorate some of the health problems related to the profession of handloom weaving providing assistance for reimbursement of cost of medicine and treatment of diseases like T.B., asthma, cost of testing of eyes and spectacles, supply of drinking water, maternity benefits and infrastructure for primary health care is in operation.

### State Governments

3. Legislation for regulation of employment and condition of services for the construction workers had been enacted. However, so far, only the Governments of Kerala, Delhi, Madhya Pradesh and Pondicherry have started implementing the Act. The

Government of Tamil Nadu is implementing its own Act. Most of the states are still in the process of adoption and implementation of this Act.

4. A Special Group has been constituted in the Central Government to review the monitoring and implementation of the Building and other Construction Workers Act, 1996. In order to have close monitoring and implementation of this Act, the States / UTs have been clubbed in the 5 regions, viz., Eastern, Western, Northern, Southern and North-Eastern region. The State Governments have been advised to make concerted efforts to finalise the State Rules and implement this Act on priority basis.

5. The Government of Kerala has set up about 35 Welfare Funds for different categories of occupations and sectors. These welfare funds cater to the needs of agricultural workers, auto rickshaw workers, cashew workers, coir workers, construction workers, fishermen and women, khadi workers, handloom workers, etc. The Government of Assam has set up a statutory fund under Assam Plantation Employees Welfare Fund Act, 1959 for the benefit of the plantation workers. Similar funds have also been set up in Gujarat and Maharashtra under Bombay Labour Welfare Fund Act, 1953 and in Punjab under the Labour Welfare Act, 1965. The state governments of Andhra Pradesh and Uttar Pradesh have also set up Welfare Funds for various categories of workers. All these Welfare Funds, however, cater to a very small segment of the total workers.

6. The state government of Madhya Pradesh has enacted an Act for the constitution of Welfare Board and Welfare Fund for the unorganised workers for rural and urban areas of the state. Under this Act, means for raising resources have been specified. To cater to the needs of 66 identified occupational groups, the

Government of Karnataka is in the process of setting up of a Social Security Authority and create a Welfare Board by levying a cess from transport vehicles, employer's and workers contribution, etc. The fund will be utilised to implement schemes and programmes covering pension, health, housing, insurance in case of death and disability aspects for the benefit of the workers.

7. The Government of Tamil Nadu is implementing Tamil Nadu Social Security & Welfare Scheme, 2001, which covers manual workers, auto rickshaw, taxi drivers, washermen, hair dressers, tailoring workers, handicraft workers, palm tree workers, etc. The Government of West Bengal has introduced a state-assisted scheme for provident fund for unorganised workers. The scheme covers all wage employed and self employed workers between the age of 18 to 55 years in the unorganised sector having an average family income of not more than Rs. 3,500 per month. The Department of Agriculture (Mandi

Branch), Government of Punjab is implementing a scheme financed from the funds available with marketing Committees/Boards to provide financial assistance to the farmers and labourers in case of death or injury by operating the agricultural machinery/implements and undertaking other operations both at the level of farm or mandi since 1984. However, number of beneficiaries covered under these schemes is not available.

### **Insurance Industry**

8. LIC operates group social security schemes for specific occupations which cover about 55 lakh beneficiaries.

9. The Janashree Bima Yojana is a life cover scheme of LIC which has subsidised rate of premium.

10. GIC operates a subsidised premium health insurance scheme for the family.



## Annexure 8.3

## ANNUAL EXPENDITURE OF THE MINISTRY OF LABOUR FOR THE YEARS (2002-05)

(Rs. in Lakh, at 2001-02 prices)

Divisions/ Schemes	Tenth Plan 2002-07 Outlay	Annual Plan 2002-03 Actual Exp.	Annual Plan 2003-04 Actual Exp.	Annual Plan 2004-05 Anticipated Expenditure
1	2	3	4	5
<b>(A) Central Sector (Ministry Of Labour)</b>				
I. DGE&T				
I(a). Employment	3666.00	214.86	99.19	549.71
I(b). Training	36334.00	3004.38	2929.74	3249.81
II. Industrial Relations	3720.00	493.30	285.03	577.59
III. Workers Education (CBWE)	3500.00	582.45	733.78	793.65
IV. Child Labour	66750.00	6281.36	6294.27	8734.57
V. Women Labour	250.00	19.22	13.36	22.93
VI. Labour Bureau	11200.00	570.61	539.29	578.40
VII. Mines Safety (DGMS)	5500.00	175.28	236.66	432.10
VIII. Industrial Safety (DGFASLI)	5240.00	56.94	34.53	474.43
IX. Labour Research (NLI)	1200.00	255.54	210.32	251.32
X. Information Technology	800.00	112.63	74.68	89.95
XI. Krishi Shramik Samajik Suraksha Yojana	300.00	0.00	0.00	0.00
XII. New Initiative on Social Security of Workers	5240.00	0.00	0.00	0.00
XIII. Awareness Generation on Lab. Welfare and Development	1000.00	0.00	0.00	0.00
XIV. Rehabilitation of bonded labour	4400.00	332.51	252.30	88.18
XV. Housing Scheme for Hamals	0.00	0.00	0.00	0.00
XVI. Grants-in-aid to NGOs/ VOs	300.00	10.20	9.62	15.87
XVII. Training to the personnel of Ministry	200.00	0.00	0.00	4.41
XVIII. Modernisation of sections	400.00	0.00	0.00	0.00
XIX. Exp. In North East (other than DGE&T)	*0.00	77.65	0.00	0.00
<b>TOTAL (A)</b>	<b>150000.00</b>	<b>12186.93</b>	<b>11712.77</b>	<b>15862.91</b>
<b>(B) States and UTs Sector</b>	<b>225656.76</b>	<b>36691.10</b>	<b>68123.01</b>	<b>40171.04</b>
<b>Total (A+B)</b>	<b>375656.76</b>	<b>48878.03</b>	<b>79835.78</b>	<b>56033.95</b>

\* included in outlays for respective Divisions